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C O N F I D E N T I A L STATE 118231

E.O. 11652: GDS

TAGS: PFOR, HU, BTRA, OVIP (SZEKER, GYULA)

SUBJECT: VISIT OF DEPUTY PRIME MINISTER SZEKER, OUTSIDE
WASHINGTON PORTION

1. SUMMARY. SZEKER'S TOUR OF THE UNITED STATES FROM MAY 6-11 WAS POSITIVE AND SUCCESSFUL. WHILE NO MAJOR NEW COOPERATION AGREEMENTS WERE SIGNED, SEVERAL SIGNIFICANT DEALS WERE DISCUSSED. MORE IMPORTANTLY, SZEKER MET KEY US BUSINESS, INDUSTRIAL AND FINANCIAL LEADERS AND DEALT WITH THEM WITH UNEXPECTED CONFIDENCE. NAGY CHARACTERIZED VISIT AS FULLY MEETING HIS ORIGINAL PLAN OF INTRODUCING SZEKER TO THE REALITIES OF THE UNITED STATES AND BREAKING DOWN FALSE PRECONCEPTIONS BY SENIOR LEADERSHIP WHICH HAS LITTLE EXPERIENCE IN THE U.S.

2. DEPUTY PRIME MINISTER SZEKER AND PARTY, ACCOMPANIED BY GERTH, ARNOLD WEISS OF BEWT AND FULL STATE SY PROTECTIVE DETAIL, DEPARTED WASHINGTON THE MORNING OF MAY 6. THE FIRST STOP, DUPONT AT WILMINGTON, DELAWARE, WAS BILLED AS A TOUR OF SEVERAL PASIC RESEARCH FACILITIES. UNFORTUNATELY DUPONT'S PRESENTATION CENTERED AROUND LECTURES O ORGANIZATION AND MANAGERIAL TECHNIQUES WITH TOUR OF ONE
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LABORATORY FORTHCOMING ONLY AFTER SUBTLE PRODD NG BY

SZEKER HIMSELF. SZEKER WAS IMPRESSIVE IN TECHNICAL DISCUSSIONS WITH DUPONT CHEMISTS AND DISPLAYED BROAD COMMAND OF A DIVERSE RANGE OF TOPICS, INCLUDING POLYMER CHEMISTRY AND AGRICULTURAL BIOCHEMISTRY. THE VISIT WAS RESCUED BY THE HOSPITALITY OF DUPONT'S PRESIDENT KANE, WHO ARRANGED A TOUR OF THE TENNIS FACILITIES AT THE DUPONT COUNTRY CLUB (OPEN TO ALL DUPONT WORKERS) AFTER LUNCH.

3. THE NEXT STOP EN ROUTE TO NEW YORK WAS AT THE EXXON REFINERY AND CHEMICAL PLANT AT BAYWAY/LINDEN, NEW JERSEY. EXXON GAVE SZEKER A THOROUGH TOUR OF ITS FACILITIES AND WAS OPEN AND RESPONSIVE TO SZEKER'S TECHNICAL AND ECONOMIC QUESTIONS, INCLUDING THE EXTENT OF ROCKEFELLER OWNERSHIP OF EXXON. BOTH THE DUPONT AND EXXON VISITS WERE INTRODUCTORY FOR THE HUNGARIANS WHO HAVE HAD LITTLE CONTACT WITH EITHER FIRM. COMMERCE ASSISTED IN ARRANGING THESE APPOINTMENTS; THE HUNGARIAN EMBASSY DIRECTLY ARRANGED THE REMAINING BUSINESS VISITS.

4. ROCKWELL INTERNATIONAL HOSTED A DINNER ON MAY 6. DETAILS OF THE BUSINESS DISCUSSIONS WHICH TOOK PLACE ARE SKETCHY, SINCE THE USG ESCORTS DID NOT ATTEND. WE UNDERSTAND THAT ROCKWELL IS INTERESTED IN RABA HEAVY DUTY REAR AXLES AND THAT THE HUNGARIANS PUSHED THEIR ARTICULATED BUS. EDE HORVATH WAS FLOWN ON MAY 6 TO A ROCKWELL FACILITY IN MICHIGAN FOR DISCUSSIONS.

5. FINANCIAL DISCUSSIONS WERE THE THEME DURING THE MORNING OF MAY 7. SZEKER MET WITH WILLIAM SPENCER, PRESIDENT OF FIRST NATIONAL CITY BANK, THEN WITH GABRIEL HAUGE, PRESIDENT OF MANUFACTURERS HANOVER TRUST. DISCUSSIONS CENTERED AROUND THE STATE OF THE US AND HUNGARIAN ECONOMIES. PLANS FOR FUTURE COOPERATION WERE MENTIONED, AS WAS THE POSSIBILITY OF DIRECT LOANS AFTER LIFTING OF THE JOHNSON ACT SANCTIONS. NO MAJOR NEW LOANS WERE CONCLUDED, ALTHOUGH BOTH FIRMS ARE APPARENTLY PARTICIPATING IN THE LATEST \$150 MILLION EURODOLLAR LOAN (BUDAPEST 3061). HAUGE THEN HOSTED A LUNCH SPONSORED BY BCIU. AN IMPRESSIVE GROUP OF

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TOP US BUSINESS AND FINANCIAL LEADERS INSURED ITS SUCCESS. DURING A SEPARATE MEETING WITH MHT OFFICIALS, THE ESCORT OFFICERS WERE ASKED ABOUT THE POSSIBILITY OF THAT BANK LENDING THE GOH FUNDS TO PAY THE JOHNSON ACT ARREARAGE. WE DO NOT KNOW WHETHER THIS WAS MENTIONED TO THE DELEGATION. ESCORTS AVOIDED A DIRECT RESPONSE.

6. THE AFTERNOON AND EVENING OF MAY 7 WERE SPENT WITH

ATLANTA, CHIEF IMPORTER OF HUNGARIAN HAM. THE DELEGATION VISITED ATALANTA'S HEADQUARTERS IN LOWER MANHATTAN. ATALANTA HOSTED A DINNER AT THE RAINBOW ROOM OF ROCKEFELLER CENTER. THESE MEETINGS WERE CHARACTERIZED BY INFORMALITY, AND IT WAS CLEAR THAT THE HUNGARIANS WERE GIVING RECOGNITION TO THIS FIRM WHICH ENTERED THEIR MARKET AT A TIME OF LESS GOOD BILATERAL RELATIONS.

7. THE REMAINDER OF THE NEW YORK PROGRAM INVOLVED SIGHTSEEING (WORLD TRADE CENTER, EMPIRE STATE BUILDING, THE UN, YORKVILLE, HARLEM AND TIMES SQUARE) AND SHOPPING. THE POSITIVE SPIRIT OF THE VISIT TO DATE WAS UNDERLINED WHEN THE DEPUTY PRIME MINISTER ASKED THAT THE TWO US ESCORT OFFICERS BE INCLUDED IN THE MAY 8 "HUNGARIANS-ONLY" DINNER.

8. GM OVERSEAS CORP VICE PRESIDENT GUY NEWTON HOSTED A SMALL DINNER ON MAY 9 . FULL TOURS OF THE GM TRUCK AND COACH FACTORY AT PONTIAC, MICHIGAN AND THE GM AUTO PLANT AT WILLOW RUN ON MAY 10 WERE EXCELLENT. GM INDICATED AN INTEREST IN A JOINT VENTURE WITH RABA FOR THE PRODUCTION OF GM'S ALLISON HEAVY DUTY TRANSMISSION. GM WILL REQUIRE AN ADDITIONAL 20,000 SUCH TRANSMISSIONS PER YEAR BEGINNING IN 1980; THE HUNGARIANS COULD PRODUCE MORE FOR THEIR DOMESTIC AND COMECON REQUIREMENTS. GM OFFICIALS SHOWED NO INTEREST IN COOPERATION ON BUS PRODUCTION.

9. THE FINAL STOP AT CHICAGO WAS ESPECIALLY WELL ORGANIZED. TOM KISS OF CPS AND EUGENE DAHL OF STEIGER GAVE A DINNER ON MAY 10. KISS IS PUSHING EXPANDED USES FOR HUNGARY'S INCREASED CORN PRODUCTION, AND, IN A NEW PROJECT, HE IS TRYING TO BUILD UP HUNGARIAN PHARMA-
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CEUTICAL IMPORTS TO THE U.S. ON MAY 11 INTERNATIONAL HARVESTER PRODUCED A SPECIAL PROGRAM AT THE CHICAGO SCIENCE AND TECHNOLOGY MUSEUM, DEMONSTRATING THE STATE OF THE ARTS IN AMERICAN AGRICULTURE AND SHOWING HUNGARY ITS FUTURE ;ITH IHC FARM IMPLEMENTS FOR THE RABA-STEIGER TRACTOR. (IHC OWNS ONE-THIRD OF STEIGER.) DURING THE SUBSEQUENT MEETING WITH IHC PRESIDENT MCCORMICK, POSSIBLE COOPERATIVE PRODUCTION OF FOUR OR FIVE FARM IMPLEMENTS WAS DISCUSSED.

10. SZEKER MET AN IMPORTANT GROUP OF MID-WESTERN BUSINESS LEADERS AT LUNCH AT THE MID-AMERICA CLUB. FORMER DEPUTY SECRETARY INGERSOLL AND FORMER TREASURY SECRETARY DAVID KENNEDY WERE PRESENT. SZEKER'S SPEECH PRAISING THE INDUSTRIAL HEARTLAND OF THE UNITED STATES AND HIS

COMPARISON OF ILLINOIS AND HUNGARY STATISTICALLY HIT THE PERFECT NOTE. FURTHER MEETINGS WERE HELD WITH KISS AND DAHL AT THE LAW OFFICES OF BAKER AND MCKENZIE. SZEKER WAS INTERVIEWED FOR CHICAGO'S LOCAL CHANNEL 11.

11. ASIDE FROM THE CHICAGO TV INTERVIEW, SZEKER'S ENTIRE VISIT RECEIVED ONLY MODEST PUBLICITY. WE UNDERSTAND THAT THE SZEKER INTERVIEW WITH DAVID BINDER FAILED TO PRODUCE ENOUGH INTERESTING OR NEW MATERIAL UPON WHICH TO BASE A STORY. THE MAY 10 NEW YORK TIMES CARRIED AN ARTICLE ON EDE HORVATH, ENTITLED "HUNGARIAN BUSINESSMAN SEEKS U.S. SALES," BY EDWIN L. DALE, JR. THE ARTICLE HIGHLIGHTED HORVATH AS A MODEL COMMUNIST BUSINESSMAN, BUT ALSO MENTIONED THAT HE IS WELL REWARDED FOR HIS SERVICES. THE ARTICLE ALSO IDENTIFIED HIM AS A MEMBER OF SZEKER'S "LOW-KEY" DELEGATION. THAT THIS PUBLICITY WENT TO HORVATH NOT SZEKER WAS A SOURCE OF SOME ANXIOUS MOMENTS FOR HORVATH WHEN SEVERAL US SPEAKERS AT THE MAY 10 DINNER NOTED THE ARTICLE.

12. CONCLUSION: THE NON-WASHINGTON PART OF SZEKER'S VISIT SUCCEEDED IN EXPOSING HIM TO THE IMPRESSIVE REALITY OF AMERICAN INDUSTRY AND TECHNOLOGY. HE MET KEY US BUSINESS LEADERS WHO AGREED THAT HUNGARY SHOULD GET MFN AND THAT US-HUNGARIAN ECONOMIC RELATIONS SHOULD BE CONFIDENTIAL

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GROW. SZEKER DEALT WITH EVERYONE WITH GREAT CONFIDENCE. AS THE TRIP PROGRESSED AND HE BECAME ASSURED THAT HIS EMBASSY'S ADVICE AND PLANNING HAD BEEN CORRECT, HE RELAXED AND BEGAN TO ENJOY HIMSELF. HE REMAINED INFORMAL AND UNDEMANDING THROUGHOUT THE VISIT. BY JOURNEY'S END HE HAD BEGUN TO CONVERSE IN ENGLISH; HIS COMPREHENSION OF ENGLISH INCREASED REMARKABLY AS THE TRIP WORE ON. (GERTH OFFERED TO PLACE SZEKER ON THE EMBASSY'S MAILING LIST FOR OUR ECONOMIC REVIEW AND OTHER ENGLISH LANGUAGE PUBLICATIONS; SZEKER ACCEPTED WITH PLEASURE.)

13. THE ESCORT OFFICERS WERE IMPRESSED WITH SZEKER'S OBVIOUSLY EXCELLENT PREPARATION FOR THE VISIT. HE HAD A FANTASTIC COMMAND OF STATISTICS ABOUT THE US. HE DEALT WITH US BUSINESSMEN IN A NON-IDEOLOGICAL FASHION, AS HIMSELF A BUSINESSMAN OF SORTS WHO HAPPENS TO BE PART OF THE HUNGARIAN GOVERNMENT. HE HAS A NATURAL POLITICAL KNACK OF SAYING AND DOING THE RIGHT THING.

14. WE ARE POUCHING GUEST LISTS AND OTHER INFORMATION ON THE VISIT. WE PLAN TO DISCUSS THE SUBSTANCE OF THOSE

CLOSED BUSINESS MEETINGWITH THE HUNGARIAN EMBASSY ON

MAY 17 AND WITH THE US FIRMS CONCERNED DURING THAT
WEEK. WE WILL REPORT THE RESULTS. ROBINSON

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